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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

MARK MORRISON, an individual;

Plaintiff,

vs.

ULI ZANGPO, an individual;

Defendant.

**Case No:**

**COMPLAINT FOR:**

- 1. BUSINESS & PROFESSIONS  
CODE SECTION 7031(b);**
- 2. BREACH OF CONTRACT  
(failure to meet inspection  
deadlines);**
- 3. BREACH OF CONTRACT  
(defective and incomplete  
work);**
- 4. BREACH OF THE  
COVENANT OF GOOD  
FAITH AND FAIR DEALING;**
- 5. COMMON COUNT: MONEY  
HAD AND RECEIVED;**
- 6. COMMON COUNT; OPEN  
BOOK ACCOUNT**

Plaintiff, Mark Morrison, (Plaintiff) alleges claims against Defendant, Uli Zangpo,  
(Defendant) as follows:

**THE PARTIES**

1. Plaintiff is a citizen of the State of Washington, and Defendant is citizen of the State of California. The amount in controversy exceeds, exclusive of interest and costs, the sum of \$100,000.00.
2. Venue is proper in the Northern District of California in that the Defendant is subject to personal jurisdiction in this district at the time the action is commenced, the claims arose in the Northern District of California, and there is no more appropriate district in which the action may otherwise be brought. 28 USC §1391(a)(3).

**FACTS COMMON TO ALL CLAIMS**

3. Plaintiff owned a property at 30 Prospect Avenue, San Anselmo, California (the Property).
4. Plaintiff desired to build a single-family residence on the Property.
5. Plaintiff submitted his initial construction plans for the Property and, on April 26, 2006, his building permit was issued.
6. A copy of the April 26, 2006 building permit is attached to this Complaint as Exhibit A.
7. Defendant began providing contractor services as a sub-contractor to Plaintiff in May 2006.
8. Plaintiff and Defendant entered into a written contract on June 21, 2006 (the Contract).
9. A copy of the alleged Contract is attached to this Complaint as Exhibit B.
10. Under the Contract, Plaintiff agreed to pay Defendant \$325,000 in cash and materials

- 1 11. Under the Contract, Defendant agreed to build a single-family residence
- 2 on the Property.
- 3 12. Under the Contract, the Defendant agreed to build the alleged residence
- 4 by October 15, 2006.
- 5 13. The Plaintiff's designer, Pizzarello Engineering and Design (Pizzarello)
- 6 drafted revised plans for the Property (Pizzarello Plans).
- 7 14. Plaintiff provided Defendant with the Pizzarello Plans.
- 8 15. The Pizzarello Plans were ready for submission to the City of San
- 9 Anselmo (City) when Plaintiff provided them to Defendant.
- 10 16. Plaintiff provided Defendant with the Pizzarello Plans within 10 days of
- 11 the date that Plaintiff and the Defendant entered the Contract.
- 12 17. A copy of the Pizzarello Plans was ready for submission to the City of
- 13 San Anselmo (City) when Plaintiff provided them to Defendant.
- 14 18. Before the Pizzarello Plans were submitted to the City, Defendant chose
- 15 to have those plans revised by an architect that Defendant chose.
- 16 19. Defendant selected Rushton Chartock Architects (Chartock) to revise the
- 17 Pizzarello Plans.
- 18 20. Defendant told Plaintiff that Defendant would be able to complete the
- 19 work on the Property pursuant to the Chartock Plans without exceeding
- 20 the \$325,000 sum that Plaintiff agreed to pay Defendant under the
- 21 Contract.
- 22 21. Defendant based his budgetary analysis regarding the Chartock Plans on
- 23 the assumption that Defendant could build more efficiently with a set of
- 24 plans from Chartock.
- 25

- 1 22. Plaintiff agreed to use the Chartock Plans based on Defendant's  
2 agreement that Defendant would be responsible staying within the agreed  
3 upon budget for all costs associated with the new plans.
- 4 23. Defendant directed Plaintiff to enter into an agreement and pay for  
5 Chartock's revision services regarding the Pizzarello Plans.
- 6 24. Plaintiff entered a contract with Chartock to revise the Revised Plans for  
7 Plaintiff.
- 8 25. Plaintiff paid Chartock to revise the Pizzarello Plans for Plaintiff.
- 9 26. The Pizzarello Plans called for demolition of 30% of the existing  
10 structure, one vaulted ceiling in the master bedroom, a cantilever system  
11 over the garage allowing for the existing garage foundation to remain and  
12 for the existing 2 foot by 100 foot cinder block wall to remain intact.
- 13 27. The Chartock Plans called for demolition of 90% of the existing  
14 structure, four vaulted ceilings, demolition and expansion of the garage  
15 foundation, demolition of the existing retaining wall and rebuilding of a  
16 new 4 foot by 100 foot engineered cement retaining wall, required a land  
17 survey and a variance.
- 18 28. The original Pizzarello plans were submitted on March 13, 2006  
19 followed by two re-submittals with building permit issued on April 26,  
20 2006 forty-four days later.
- 21 29. The Chartock Plans were submitted on July 29, 2006 followed by four re-  
22 submittals with building permit issued on November 16, 2006 one  
23 hundred fourteen days later.
- 24 30. Defendant worked pursuant to the Chartock Plans before the City  
25 approved the Chartock Plans.

- 1 31. The City issued a stop work notice on August 31, 2006.
- 2 32. The City issued the stop work notice because the work had started before
- 3 approval of the Chartock Plans.
- 4 33. A copy of the stop work notice is attached to this Complaint as Exhibit C.
- 5 34. Defendant asked Plaintiff to obtain a building permit for a retaining wall
- 6 for the Property.
- 7 35. Plaintiff paid for an additional permit and expedited engineering fees for
- 8 a retaining wall permit (Retaining Wall Permit).
- 9 36. The City issued the Retaining Wall Permit on October 25, 2006.
- 10 37. A copy of the Retaining Wall Permit is attached to this Complaint as
- 11 Exhibit D.
- 12 38. A revised building permit was issued (i.e., approving the Chartock Plans)
- 13 on November 15, 2006 (Revised Building Permit).
- 14 39. A copy of the Revised Building Permit is attached to this Complaint as
- 15 Exhibit E.
- 16 40. Plaintiff and Defendant entered into a new contract on December 5, 2006
- 17 (Final Agreement).
- 18 41. A copy of the Final Agreement is attached to this Complaint as Exhibit F.
- 19 42. Under the Final Agreement, the budget for the building was increased to
- 20 \$375,000.
- 21 43. Under the terms of the Final Agreement, Plaintiff was required to pay
- 22 Defendant \$138,764 in compensation and pay an additional \$38,771, at
- 23 Defendant's direction, for labor, materials and services during the time
- 24 that Defendant was working on the Property.
- 25

- 1 44. Plaintiff paid Defendant \$177,535 in accordance with the Final
- 2 Agreement.
- 3 45. Plaintiff made available to Defendant all building materials that Plaintiff
- 4 was required to make available under the Final Agreement during the
- 5 time that Defendant was working on the Property.
- 6 46. Plaintiff performed his obligations to Defendant under the Final
- 7 Agreement.
- 8 47. Under the Final Agreement, the finish date was changed to May 1, 2007.
- 9 48. The Final Agreement provides: “timing is of the essence per the attached
- 10 Prospect Financial Analysis.”
- 11 49. A financial analysis attached to the Final Agreement projected that
- 12 Plaintiff would break-even (i.e., not lose money or make a profit) if
- 13 Defendant fulfilled his obligations under the Final Agreement.
- 14 50. Plaintiff had several conversations with Defendant and sent emails
- 15 showing—based on historical trends in Marin County—that the
- 16 appropriate time to market the Property would be in May 2007.
- 17 51. Plaintiff had several conversations with Defendant and sent emails
- 18 showing—based on historical trends in Marin County—that the worst
- 19 time for Plaintiff market the Property would be in August 2007.
- 20 52. Plaintiff had several conversations with Defendant and sent emails
- 21 showing the real estate market was in danger of collapsing.
- 22 53. In an email dated December 27, 2006, the Plaintiff specifically cautioned
- 23 “--- we have 0 tolerance for error at this point . . .”
- 24
- 25

1 54. Copies of emails between Plaintiff and Defendant regarding the Marin  
2 County real estate market are attached to this complaint as Composite  
3 Exhibit G.

4 55. The real estate market in Marin collapsed in August 2007, i.e., sales  
5 significantly slowed, and property values began to drop significantly.  
6

7 **FIRST CLAIM**  
8 **VIOLATION OF CALIFORNIA BUSINESS & PROFESSIONS CODE**  
9 **SECTION 7031(b)**

10 56. Plaintiff re-alleges paragraphs 3-55 of this Complaint.

11 57. Under California Business & Professional Code, §7031(b), “a person  
12 who utilizes the services of an unlicensed contractor may bring an action  
13 in any court of competent jurisdiction in this state to recover all  
14 compensation paid to the unlicensed contractor for performance of any  
15 act or contract.”

16 58. At all times pertinent to this Complaint, Defendant was not a licensed  
17 contractor in the State of California within the meaning of California  
18 Business & Professional Code, §7031.

19 59. Prior to entering into a written contract on June 21, 2006, Plaintiff paid  
20 Defendant \$15,714 for contractor services regarding the Property.

21 60. After entering into a contract, Plaintiff paid directly to Defendant  
22 \$138,764 for contractor services regarding the Property.

23 61. After entering into a contract and at the direction of Defendant, Plaintiff  
24 paid \$38,771 for materials and services.

25 62. Plaintiff paid Defendant a total of \$193,249 for contractor services and  
materials regarding the Property.

63. Under California Business & Professional Code, §7031(b), Defendant owes Plaintiff \$193,249 before the addition of prejudgment interest, if any.

64. Plaintiff is entitled to prejudgment interest on this claim brought under California Business & Professional Code, §7031(b).

65. Any such prejudgment interest that Defendant owes Plaintiff (due to this claim under California Business & Professional Code, §7031(b)) should be calculated from the dates that Plaintiff paid Defendant for unlicensed contractor services.

66. Pursuant to California Business & Professional Code, §7031(b), Plaintiff has been damaged in the amount of \$193,249, plus prejudgment interest, and costs.

**SECOND CLAIM  
BREACHES OF CONTRACT  
- Failure to Meet Inspection Deadlines –**

67. Plaintiff re-alleges paragraphs 3-55 of this Complaint.

68. The Final Agreement reads “timing is of the essence”, and the Final Agreement includes the following deadlines for approved inspections of the Property:

- a. December 15, 2006—foundation inspection;
- b. March 1, 2007—framing inspection; and
- c. May 1, 2007—final inspection.

69. The Final Agreement refers to the preceding deadlines as the “landmark date items.”

70. The Final Agreement makes reference to a promissory note related to a separate business transaction between Plaintiff and Defendant (Note).



- 1 71. A copy of the Note is attached to this Complaint as Exhibit H.
- 2 72. Under the Note, Plaintiff initially owed Defendant \$125,000.
- 3 73. At the time of the Final Agreement on December 5, 2006, the Plaintiff
- 4 owed the Defendant \$83,000 under the Note.
- 5 74. The Final Agreement provides: “If any of the above landmark date
- 6 schedule items are not met by the specific dates, Uli [Defendant] agrees
- 7 to deduct \$2,500<sup>1</sup> per week from the \$83,000 and be personally
- 8 responsible.”
- 9 75. The Final Agreement entitles Plaintiff to liquidated damages of \$2,500
- 10 for each week that passes after a landmark date item is not completed on
- 11 schedule, until that landmark item is completed.
- 12 76. Defendant failed to receive an approved foundation inspection by
- 13 December 15, 2006.
- 14 77. Defendant obtained an approved foundation inspection on February 16,
- 15 2007.
- 16 78. Because the Defendant was 61 days late in obtaining an approved
- 17 foundation inspection, the Final Agreement entitles Plaintiff to a \$21,785
- 18 credit against the Note as of February 16, 2007.
- 19 79. Defendant failed to receive an approved framing inspection by March 1,
- 20 2007.
- 21 80. On March 21, 2007, Defendant sent an email to Plaintiff stating that he
- 22 would not do any further work on the Property. The email stated:
- 23 “‘Framing on site’ had commenced, with a full crew on Mon. the 19th,
- 24 despite Greg not showing up. The absence of concise communication
- 25

1 from you, in the light of what Steve & Jim convey to me from your  
2 meeting at Steven's house, can be inferred to be the end of any  
3 appropriateness of my doing anything further for the  
4 Prospect project. Karma to You.’”

5 81. A copy of the March 21, 2007 “Karma to You” email from Defendant is  
6 attached to this Complaint as Exhibit I.

7 82. Defendant never returned to perform work on the Property after March  
8 21, 2008.

9 83. Plaintiff, a licensed attorney, personally took over the building of the  
10 house on March 21, 2007.

11 84. The Property did not receive an approved final inspection by May 1,  
12 2007.

13 85. Due to Plaintiff’s efforts, the Property passed its framing inspection on  
14 June 28, 2007.

15 86. Because the Property passed framing inspection 120 days late, the Final  
16 Agreement entitles Plaintiff to an additional \$42,857 credit against the  
17 Note as of June 28, 2007.

18 87. Plaintiff had the house completed and the Property ready for market with  
19 a broker’s preview on September 27, 2007.

20 88. Because the Property passed final inspection 151 days late, the Final  
21 Agreement entitles Plaintiff to an additional \$53,928 in liquidated  
22 damages with \$18,268 credit against the Note as of September 27, 2007  
23 and \$35,600 in Defendant’s personal liability.  
24  
25

---

<sup>1</sup> The \$2,500 was based upon Plaintiff’s carrying cost of approximately \$10,000 per month.

1 89. The Final Agreement entitles Plaintiff to a total amount of penalties  
2 equaling \$118,600 with \$83,000 credit against the Note and \$35,600 in  
3 Defendant's personal liability.

4 90. Due to Defendant's failure to meet the deadlines for approved inspections  
5 under the Final Agreement, Plaintiff has been damaged in the amount of  
6 \$118,600 and is entitled to a declaration that he is entitled to a credit  
7 against the Note due in the amount of \$83,000 and for a monetary  
8 judgment in the amount of \$35,600.

9 **THIRD CLAIM**  
10 **BREACHES OF CONTRACT**  
11 **- Defective and Incomplete Work -**

- 12 1. Plaintiff re-alleges paragraphs 3-55 of this Complaint.
- 13 2. Although Defendant eventually obtained a signed foundation permit,  
14 Defendant actually failed to complete the south side of the foundation.
- 15 3. The work Defendant did perform on the Property was defective in  
16 multiple respects, and Plaintiff incurred additional expenses and loss of  
17 time.
- 18 a. The garage floor slab for the house was poured 4" too high.
- 19 b. Because the slab was defective by 4", Plaintiff was required to  
20 demolish and re-pour the slab.
- 21 c. The west wall of the house was formed without a notch for a major  
22 supporting beam.
- 23 d. Because the west wall was formed without a notch for a major  
24 supporting beam, Plaintiff was required to cut a notch manually into  
25 the cement wall.

- 1 4. During the building process, Plaintiff was required to make a minor  
2 modification to the Chartock Plans to correct a mistake and a revised  
3 building permit was issued on June 11, 2007 (Second Revised Building  
4 Permit).
- 5 5. A copy of the Second Revised Building Permit is attached to this  
6 Complaint as Exhibit J.
- 7 6. When Defendant began work on the Property, the Property had a  
8 retaining wall (Old Retaining Wall).
- 9 7. Defendant demolished the Old Retaining Wall.
- 10 8. Due to Defendant's destruction of Old Retaining Wall, the City of San  
11 Anselmo mandated that a new retaining wall be built on the Property.
- 12 9. Defendant did not build a new retaining wall on the Property.
- 13 10. Due to Defendant's destruction of Old Retaining Wall, Defendant was  
14 obligated to build a new retaining wall on the Property that complied  
15 with the City's mandate regarding a retaining wall.
- 16 11. Under the Final Agreement, Plaintiff was supposed to incur \$375,000 to  
17 complete construction on the Property.
- 18 12. In addition to the \$177,535 Plaintiff paid Defendant, Plaintiff paid an  
19 additional \$515,004 to complete construction on the Property and  
20 mitigate Plaintiff's loss.
- 21 13. Plaintiff's total cost to complete construction on the Property was  
22 \$692,539.
- 23 14. The Property went into escrow on December 10, 2007 and closed on  
24 January 11, 2008.
- 25

- 1 15. As a result of Defendant's breaches of his obligation under the Final
- 2 Agreement to provide a single-family residence by May 1, 2007, Plaintiff
- 3 suffered legal injury and is entitled the following damages:
- 4 a. \$317,539 (\$692,539-\$375,000) in additional building costs;
- 5 b. \$43,160 in additional financial carrying costs (*i.e.*, property taxes,
- 6 interest on first, second and third mortgages); and
- 7 c. \$48,000 for Plaintiff's management of the project.
- 8 16. Due to Defendant's defective and incomplete work relative to the Final
- 9 Agreement, Plaintiff has been damaged in the amount of \$408,699.

10 **FOURTH CLAIM**

11 **BREACH OF THE COVENANT OF GOOD FAITH AND FAIR**

12 **DEALING**

- 13 17. Plaintiff re-alleges paragraphs 3-55 of this Complaint.
- 14 18. The covenant of good faith and fair dealing obligated the Defendant to
- 15 perform the terms and conditions of the Agreement fairly and in good
- 16 faith and to refrain from doing any act that would prevent or impede
- 17 Plaintiff's ability to perform his conditions of the contract that he agreed
- 18 to perform, or any act that would deprive Plaintiff of the benefits of the
- 19 contract.
- 20 19. The State of California incorporates into each contract an implied
- 21 covenant of good faith and fair dealing.
- 22 20. Defendant breached this covenant by not committing the necessary time,
- 23 money, resources and diligence to the timely development of the
- 24 Property.
- 25 21. Defendant further breached this covenant by imperfect performance.

1 22. Defendant further breached this covenant by requesting monies from  
2 Defendant under the belief that Defendant was using those monies for  
3 payment of sub-contractors and materials when, in fact, Defendant was  
4 using those monies for his own personal benefit.

5 23. Defendant further breached this covenant by manipulating Plaintiff in  
6 believing “winter building” necessitated an additional \$50,000 in  
7 increased costs as evidenced by the increased budgeted amount from  
8 \$325,000 to \$375,000 in the Final Agreement.

9 24. Defendant further breached the implied covenant of good faith and fair  
10 dealing by depriving Plaintiff of the benefits owed him under the terms of  
11 the Agreement.

12 25. Under the Final Agreement,

- 13 a. Plaintiff paid Defendant \$177,535;  
14 b. Defendant accrued \$118,570 in penalties;  
15 c. Plaintiff spent an additional \$317,539 to finish the house;  
16 d. Plaintiff incurred \$43,160 in carrying costs due to Defendant’s lack of  
17 timeliness; and  
18 e. Plaintiff spent six months personally managing the project valued at  
19 \$48,000.

20 26. Due to Defendant’s breach of this covenant, Plaintiff has been damaged  
21 in the amount of \$704,804.

22  
23 **FIFTH CLAIM FOR COMMON COUNT: MONEY HAD AND**  
24 **RECEIVED**

25 27. Plaintiff re-alleges paragraphs 3-55 of this Complaint.

1 28. Defendant became indebted to Plaintiff within the last two years for  
2 money had and received by Defendant for the use and benefit of Plaintiff.

3 29. Defendant became indebted to Plaintiff within the last two years for  
4 money paid, laid out, and expended to or for Defendants at Defendant's  
5 special instance and request.

6 30. The money received by Defendant was not used for the benefit of  
7 Plaintiff.

8 31. Plaintiff has demanded payment from Defendant.

9 32. As of the date of this action, Plaintiff has not received any monies from  
10 Defendant leaving a balance due of \$177,535.

11  
12 **SIXTH CLAIM FOR COMMON COUNT: OPEN BOOK ACCOUNT**

13 33. Plaintiff re-alleges paragraphs 3-55 of this Complaint.

14 34. Defendant became indebted to Plaintiff within the last four years on an  
15 open book account for money due because an account was stated in  
16 writing by and between Plaintiff and Defendant in which it was agreed  
17 that Defendant was indebted to Plaintiff relative to the December 5, 2006  
18 Final Agreement.

19 35. Pursuant to the Final Agreement, Plaintiff paid to or at the direction of  
20 Defendant an amount equal to \$177,535.

21 36. Plaintiff has demanded payment from Defendant.

22 37. As of the date of this action, Plaintiff has not received any monies from  
23 Defendant leaving a balance due of \$177,535.

24 **WHEREFORE**, Plaintiff prays that he be awarded judgment against Defendants,  
25 and each of them, for:

**FIRST CLAIM**

1. Damages in the amount of \$193,249, plus interest at the legal rate;
2. Plaintiff's costs in this action;
3. Such other and further relief as the Court may deem just and proper.

**SECOND CLAIM**

4. Damages in the amount of \$118,570 late penalties (declaration that Plaintiff is entitled to an offset against the Note of \$83,000 and an additional \$35,570 cash damages), plus interest at the legal rate;
5. Plaintiff's costs in this action;
6. Such other and further relief as the Court may deem just and proper.

**THIRD CLAIM**

7. Damages in the amount of \$408,699, plus interest at the legal rate;
8. Plaintiff's costs in this action;
9. Such other and further relief as the Court may deem just and proper.

**FOURTH CLAIM**

10. Damages in the amount of \$704,804, plus interest at the legal rate;
11. Plaintiff's costs in this action;
12. Such other and further relief as the Court may deem just and proper.

**FIFTH CLAIM**

13. Damages in the amount of \$177,535, plus interest at the legal rate;
14. Plaintiff's costs in this action;
15. Such other and further relief as the Court may deem just and proper.



**SIXTH CLAIM**

16. Damages in the amount of \$177,535, plus interest at the legal rate;
17. Plaintiff's costs in this action;
18. Such other and further relief as the Court may deem just and proper.

Dated: April 9, 2008

Respectfully submitted,

MATT KURILICH ATTORNEY AT  
LAW



By: \_\_\_\_\_  
Matt Kurilich,  
Attorney for Plaintiff

*Co-Counsel*

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[mark@markmorrisonlaw.com](mailto:mark@markmorrisonlaw.com)



# BUILDING PERMIT

Provide all the information above the double line and on the back of this form.

PROPERTY ADDRESS 30 PROSPECT AVE ☒ Residential ☐ Commercial  
Applicant MARK MORRISON Phone No. 415-460-1056  
Address 524 SAN ANSELMO AVE #214 City SAN ANSELMO  
Owner SAME Phone No. 415-241  
Address \_\_\_\_\_ City \_\_\_\_\_  
Designer GUY PIZZARELLO Phone No. 949-492-5981  
Address 130 W. AVENUE CORDOBA City SAN CLEMENTE  
Contractor PAUL WARREN Phone No. 619-252-7317  
Address 33 LAUSDAL AVE City SAN ANSELMO

AP # 006-192-17  
Fax No. 415-366-1415  
Zip Code 94960  
Fax No. \_\_\_\_\_  
Zip Code \_\_\_\_\_  
Fax No. 949-498-3020  
Zip Code 92672  
Fax No. 415-366-1415  
Zip Code 94960

DESCRIPTION OF WORK (be specific) REMODEL INTERIOR / EXTERIOR, ADD APPROXIMATELY  
300 SQUARE FEET

This is a revision to Permit #

ESTIMATED VALUE OF WORK: \$ 200,000 (Including all labor and materials)

Applicant understands that this permit expires and becomes null and void should work not be commenced within 180 days from date of issue, or should construction be suspended or abandoned for a period of 180 days. Applicant certifies that the information provided herein is correct to the best of their knowledge and agrees to comply with all Town, county, and state laws relating to building construction, and hereby authorizes representatives of the Town to enter upon the project property for inspection purposes.

APPLICANT'S SIGNATURE: [Signature] DATE: 3-8-06 Drawings attached: ☒ Yes ( ) No

DO NOT WRITE BELOW THIS LINE - FOR OFFICE USE ONLY

Fees: value = \$	Budget Account	At Submtl	At Issue
Plan Check	01.53.320	1,365.87	276.23
Energy Fee	01.53.320		256.03
Building Permit	01.53.325		1706.85
Plumbing Permit	01.53.330		337.77
Electrical Permit	01.53.335		316.00
Mechanical Permit	01.53.340		376.33
Pool, Spa, Hot Tub	01.53.350		-
Gross Receipts Tax	01.52.203		100-
State Seismic Fee	01.24.03		20-
Plan Storage Fee	01.24.02		36.00
Road Bond	01.24.25		2,000
Road Impact Fee	19.57.709		2,000
Planning Fee	01.57.705		-

Work must be done in accordance with the 2001 editions of the California Building Code, California Plumbing Code, California Mechanical Code, 2004 California Electrical Code & 2005 Energy Code. Additional requirements and/or comments are as follows:

Total Fees Due: \$ 1,365.87. \$ 7,253.60

Notes: P/E/M P/C: 90 BILING.  
\$1,275.87

79.12  
246.35 P  
40.75 M

Approved by: K. Lagerman

Date: 4/11/14

Revised Description



JOB Remodel of 30 Prospect AVE, San Anselmo, CA 94960

Mark's Basis as of April 1, 2006	1100000
Capital Investment since April 1, 2006	80000

Set Gross Budget for Job	325000 Minus "Prepaid Materials"
--------------------------	----------------------------------

Prepaid Materials

Windows	25520
Viking Appliances	12800 per invoice (frig, range, vent, dishwasher, convection microwave)
Cabinets from Cemil	30000
	68320

Set Net Budget for Job	256680
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Material Costs (Does Not Include Labor Unless Indicated) (Mark's Estimates)

Framing	10000
Electrical	7000 (new 200amp panel, wiring, outlets, switches, plates, etc.)
Plumbing	7000 (copper, abs, plumbed for 3 1/2 baths with fixtures and materials)
Drywall	10000 (5/8 with flat finish)
Finish Trim	5000
Siding	7000 (stained cedar shake, window trim 2x4 and 2x6 surrounds copper drip edge)
Roofing	5000 (3 dimensional composition shingle)
Skylights	6000 (Velux operational and stationary)
Lighting Fixtures	10000 (cans, sconces, trim, etc.)
Landscaping	15000 (concrete driveway, concrete entry/block wall faced with stone, 4 concrete patios faced with stone --- one with steps, flagstone path, rock retaining walls, drainage system, sprinkler system, fireplace and second story faced with stone veneer)
Fire Sprinkler	6000 materials and labor
Front Door/Interior Doors/Hardware	8000 (23 at 200 simpson mdf, 1700 front simpson wood, 23 at 70 emtek)
Wood Flooring	7000 (7sf 3/4" brazilian cherry or pecan)
Carpet	5000 materials and labor
Paint	2000 (interior, garage, exterior as needed --- per Mark's design specifications)
Closet Organizers	2000 (6 closets)
Furnace/Ducting	10000 (materials and labor)
Plumbing Fixtures	5000 (10 at 500 brushed nickel finish)
Toilet	500 (1 to be purchased and Mark supplies 3)
Sinks	2000 (2 elkay and 5 kohler, 1 laundry room basin if needed)
Granite Tops	8000 (kitchen and three bathrooms tops and backsplash, approximately 80 sf at \$100)
Tubs	2000 (1 kohler tea for two jet 72"/1 kohler 60")
Tile	5600 (kitchen backsplash, 3 1/2 bathroom floors,

laundry floor, 3 showers to ceiling, some diagano, approximately 700 sf at 8/sf)	
Shower/Bath Doors	4000 (3 with 3/8" glass --- 2 for shower doors/1
for tub sliding doors)	
Garage Doors	10000 (materials and labor --- 2 wood carriage
house style doors roll up with openers)	
Copper Gutters/Valleys	10000 (materials and labor --- approximately 250
lineal feet of gutter, 100 lineal feet of downspout and valleys as needed)	
Net Materials	169100
Prepaid Materials	68320
Total	237420

Uli agrees to take over the remodel of 30 Prospect AVE San Anselmo beginning 6-22-06 and to have the property ready for sale by October 15, 2006 at the set budget.

Mark agrees to pay for the Prepaid Materials and make available in a timely manner and to pay Uli the set Net Budget of \$256,680 in a timely manner as needed.

Mark has final decision on all design and interior design features. If Uli makes any changes to the existing or revised plans, Mark must approve and all purchased Anderson doors and windows must be used in any new plans and any associated cost of new plans at Uli's expense. Uli has final decision on all construction of the property.

Mark and Uli agree to use their best efforts and act in good faith in honoring the intention of this agreement

which is to have the property in a marketable condition per the quality specifications above by October 15, 2006.

As of April 1, 2006, Mark owed Uli \$125,000 and has paid that debt down \$42,000 leaving a balance of \$83,000.

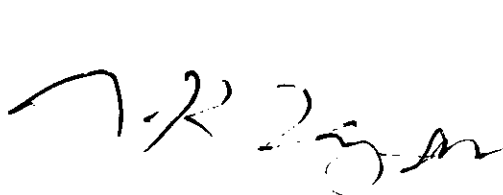
If the property is not ready for sale by October 1, 2006, Uli agrees to deduct \$10,000 per month until the property is ready for sale. Mark is square with Uli and Jake at this point.

Uli Zangpo

6/21/2006

Mark Morrison

6/21/2006




**Barbara Thornton**  
*Mayor*

**Wayne Cooper**  
*Vice Mayor*



**525 San Anselmo Avenue, San Anselmo, CA 94960-2682**  
**[www.townofsananselmo.org](http://www.townofsananselmo.org)**

**Peter Breen**  
*Councilmember*

**Ted Freeman**  
*Councilmember*

**Ian Roth**  
*Councilmember*

September 1, 2006

Mark Morrison  
524 San Anselmo Avenue #224  
San Anselmo, CA 94960

Fax: 366-1415

Subject: 30 Prospect Avenue  
AP# 006-192-17  
Stop Work Order - Permit #48987

Dear Mr. Morrison:

A site visit was made to your property yesterday by myself, the project planner and the Public Works Director. It was obvious that an extensive amount of work has been done that was not authorized on the permit issued 4/26/06. Not only was this amount of work not authorized, but it exceeds the work described on the application for a revision made 7/29/06.

The most recent drawings submitted 8/28/06 do not correctly show the property lines, the extent of demolition observed and the grading required to construct the project.

As a result, you are directed to stop all work until the scope of work is resolved and a valid permit covering this work scope is issued.

If you have any questions, please call me at 258-4604.

Sincerely,

E. Keith Angerman, P.E.  
Chief Building Official

Cc: Eric Robbe, Building Inspector  
Barbara Chambers  
Rabi Elias

**EXHIBIT C**



Department of Public Works &amp; Planning

525 San Anselmo Ave., San Anselmo, CA 94960

(415) 258-4616 Fax (415) 454-4683


 Permit No. 50759  
 Date Issued 10-25-06  
 Date Submt'd 9/21/06  
 Resubmt'd 9/25/06

## BUILDING PERMIT

Provide all the information above the double line and on the back of this form.

☒ Residential

☐ Commercial
PROPERTY ADDRESS 30 PROSPECT AVEApplicant MARK MORRISONPhone No. 415-686-2763Address 524 SAN ANSELMO AVE #224City SAN ANSELMOOwner SAME

Phone No. \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

☒ Architect ☐ Engineer ☐ Designer RUSHTON CHARTOCK
Phone No. 457-2802Address 1620 SILENCE BLVD

City \_\_\_\_\_

Contractor FALIN FAX CA 94978Phone No. 488-4772Address 2 INDEPENDENCECity FOREST KNOLLSParcel # 006-192-17Fax No. 415-366-1415Zip Code 94960

Fax No. \_\_\_\_\_

Zip Code \_\_\_\_\_

Fax No. 457-2873

Zip Code \_\_\_\_\_

Fax No. \_\_\_\_\_

Zip Code CA 94933

PO BOX 567

DESCRIPTION OF WORK (be specific)

RETAINING WALL - NOT TO EXCEED  
4' IN HEIGHT

This is a revision to Permit # \_\_\_\_\_

 ESTIMATED VALUE OF WORK: \$ 15,000 (Including all labor and materials)

**ATF**

Applicant understands that this permit expires and becomes null and void should work not be commenced within 180 days from date of issue, or should construction be suspended or abandoned for a period of 180 days. Applicant certifies that the information provided herein is correct to the best of their knowledge and agrees to comply with all Town, county, and state laws relating to building construction, and hereby authorizes representatives of the Town to enter upon the project property for inspection purposes.

APPLICANT'S SIGNATURE: [Signature]DATE: 8-21-06

Drawings attached:

☒ Yes ☐ No

DO NOT WRITE BELOW THIS LINE - FOR OFFICE USE ONLY

Fees: value = \$	Budget Account	At Submtl	At Issue
Plan Check	01.53.320	<u>208.16</u>	—
Energy Fee	01.53.320		—
Building Permit <u>x2</u>	01.53.325		<u>640.50</u>
Plumbing Permit	01.53.330		—
Electrical Permit	01.53.335		—
Mechanical Permit	01.53.340		—
Pool, Spa, Hot Tub	01.53.350		—
Gross Receipts Tax	01.52.203		<u>7.50</u>
State Seismic Fee	01.24.03		<u>1.50</u>
Plan Storage Fee	01.24.02		<u>2.00</u>
Road Bond	01.24.25		—
Road Impact Fee	19.57.709		<u>150.00</u>
Planning Fee	01.57.705		—

 Total Fees Due: \$ 208.16 \$ 801.50

Work must be done in accordance with the 2001 editions of the California Building Code, California Plumbing Code, California Mechanical Code, 2004 California Electrical Code & 2005 Energy Code. Additional requirements and/or comments are as follows:

Work began of retaining wall before  
permit was applied for.

Notes:

EXHIBIT D

Approved by: K. AngermanDate: 9/26/06

Date: 4/11/07

City Address: 30 Prospect Ave

Description of Work: new retaining wall

Building Permit #: 56759

Electrical Permit #:

Mechanical Permit #:

Date Issued: 10-25-06

Plumbing Permit #:

Pool/Spa/Hot Tub Permit #:

INSPECTION RECORD

OFFICE COPY

INSPECTION	DATE COMPL	INSPECTOR	INSPECTOR'S NOTES (COMMENTS OR PARTIAL INSPECTIONS)
BUILDING			
Temporary power panel			
Footings	4/14/07 ER		(X) setbacks (X) rebar ( ) hold-downs 4/25/07 ER (stem wall etc)
Slab			( ) rebar ( ) embeds
Underfloor framing			
( ) underground ( ) underfloor plumbing			
( ) underground ( ) underfloor mechanical			
( ) underground ( ) underfloor electrical			
Shear walls			( ) interior ( ) exterior
Roof (in-progress)	6/12/07 ER		( ) sheathing ( ) nailing 6/14/07 ER Eng to address sheathing splice by kitchen
Rough framing (walls / ceiling / roof)			
Rough plumbing			( ) water ( ) gas test ( ) waste
Rough mechanical			
Rough electrical			
Insulation			( ) walls ( ) roof ( ) floor
Wallboard			
Fireplace			( ) combustion air
Exterior walls			( ) vapor barrier / lath ( ) Scratch coat
SWIMMING POOL / SPA / HOT TUB			
Pre-gunite			( ) Barriers: fence / gates / cover / alarms
Rough plumbing & gas			( ) plumbing ( ) gas
Rough electrical			( ) steel bonding
OTHER:			
Retaining wall Draining	5/31/07 ER		
etc to backfill			
Water main passed	6/11/07 ER		
FINAL INSPECTION (must be completed prior to occupancy)			
Planning Dept.			( ) required before final Bldg. inspection
Fire Dept.			( ) required before final Bldg. inspection ( ) hydrotest
Sanitary District #1 release			( ) required before final Bldg. inspection
Struct. Observation/Special Inspection Documents			( ) Arch/Engr ( ) Geotech ( ) other:
Meter authorization			( ) gas
Bldg. Dept.	Engr 7/9/07 ER		

Latest revision: 8/25/06



Department of Public Works &amp; Planning

525 San Anselmo Ave., San Anselmo, CA 94960

(415) 258-4616 Fax (415) 454-4683

Permit No. 50949Date Issued 11/16/05Date Submt'd 7-29-06Resubmt'd 8/3/06  
1012510 812Y106  
11.7.06**BUILDING PERMIT**

Provide all the information above the double line and on the back of this form.

☒ Residential☐ CommercialPROPERTY ADDRESS 30 PROSPECT AVEApplicant MARK MORRISON #224Phone No. 415-686-2763AP # 006-192-17Fax No. 415-366-1415Address 524 SAN ANSELMO AVECity SAN ANSELMOZip Code 94960Owner MARK MORRISONPhone No. SAMEFax No. SAMEAddress SAMECity SAMEZip Code SAMEContractor MARK MORRISONPhone No. 415-686-2763Fax No. SAMEAddress SAMECity SAMEZip Code SAMEDesigner GUY PIZZARELLOPhone No. 949-492-5981Fax No. 949-498-3020Address 130 W AVENIDA CALPOBITCity SAN CLEMENTEZip Code 92672DESCRIPTION OF WORK (be specific) MOVE FRONT DOOR, ADD PORCH, ADD WINDOW SEATS, EXTEND WEST WALL, remodel all rooms, gut and improve structure, re-roof, re-side, re-window, re-landscape, replace retaining wallsThis is a revision to Permit # 48987ESTIMATED VALUE OF WORK: \$ 2400,000 (Including all labor and materials)**ATF**

Applicant understands that this permit expires and becomes null and void should work not be commenced within 180 days from date of issue, or should construction be suspended or abandoned for a period of 180 days. Applicant certifies that the information provided herein is correct to the best of their knowledge and agrees to comply with all Town, county, and state laws relating to building construction, and hereby authorizes representatives of the Town to enter upon the project property for inspection purposes.

APPLICANT'S SIGNATURE: [Signature]DATE: 7-27-06

Drawings attached:

☒ Yes ( ) No

DO NOT WRITE BELOW THIS LINE - FOR OFFICE USE ONLY

Fees: value = \$	Budget Account	At Submt'd	At Issue
Plan Check	01.53.320	<u>371.86</u>	<u>525.00</u>
Energy Fee	01.53.320		
Building Permit x 2	01.53.325		<u>5853.70</u>
Plumbing Permit x 2	01.53.330		<u>160.00</u>
Electrical Permit x 2	01.53.335		<u>160.00</u>
Mechanical Permit x 2	01.53.340		<u>160.00</u>
Pool, Spa, Hot Tub	01.53.350		
Gross Receipts Tax	01.52.203		<u>400.00</u>
State Seismic Fee	01.24.03		<u>40.00</u>
Plan Storage Fee	01.24.02		<u>32.00</u>
Road Bond	01.24.25		<u>2,000</u>
Road Impact Fee	19.57.709		<u>4,000.00</u>
Planning Fee	01.57.705		

Total Fees Due: \$ 571.86 \$ 13,330.70Notes: BIDS P/C 479.86E/P/M 92.571.86

BIDG = 1 HRC 7/28/06 K 1 HRC 8/16 K 1 HRC 11/13 K  
 3 1/2 HRC 8/3 K 2 HRC 8/30 K

Work must be done in accordance with the 2001 editions of the California Building Code, California Plumbing Code, California Mechanical Code & California Electrical Code. Additional requirements and/or comments are as follows:

STOP WORK ORDER ISSUED 8/3/06 FOR  
STARTING ALL THE WORK BEFORE APPROVE

Approved by: [Signature]Date: 11/13

EXHIBIT E

Revised

Project Address 30 Prospect Ave Date Issued 11/16/06 INSPECTION RECORD  
Description of Work Remodel of whole house OFFICE COPY

Building Permit # 50949 Electrical Permit # 50949 Mechanical Permit # 50949 Plumbing Permit # 50949 Pool/Spa/Hot Tub Permit # 50949

INSPECTION	DATE COMPL	INSPECTOR	INSPECTOR'S NOTES (COMMENTS OR PARTIAL INSPECTIONS)
<b>BUILDING</b>			
Temporary power panel			
Footing	<u>12/8/06</u>	<u>EA</u>	(X) setbacks (X) rebar (X) hold-downs
Slab			( ) rebar ( ) embeds
Underfloor framing			
( ) underground ( ) underfloor plumbing			
( ) underground ( ) underfloor mechanical			
( ) underground ( ) underfloor electrical			
Shear walls			( ) interior ( ) exterior
Roof (in-progress)			( ) sheathing ( ) nailing
Rough framing (walls / ceiling / roof)			
Rough plumbing			( ) water ( ) gas test ( ) waste
Rough mechanical			
Rough electrical			
Insulation			( ) walls ( ) roof ( ) floor
Wallboard			
Fireplace			( ) combustion air
Exterior walls			( ) vapor barrier / lath ( ) Scratch coat
<b>SWIMMING POOL / SPA / HOT TUB</b>			
Pre-gunite			( ) Barriers: fence / gates / cover / alarms
Rough plumbing & gas			( ) plumbing ( ) gas
Rough electrical			( ) steel bonding
OTHER: <u>Change steel wall to precast D-114</u>	<u>11/16/06</u>	<u>EA</u>	
<b>FINAL INSPECTION (must be completed prior to occupancy)</b>			
Planning Dept.			( ) required before final Bldg. inspection
Fire Dept.			(X) required before final Bldg. inspection ( ) hydrotest
Sanitary District #1 release			( ) required before final Bldg. inspection
Struct. Observation/Special Inspection Documents			(X) Arch/Engr ( ) Geotech ( ) other:
Meter authorization	( ) electric	( ) gas	
Bldg. Dept.	<u>Final 11/10/06</u>	<u>EA</u>	

THIS AGREEMENT WAS ENTERED INTO 6-22-06 AND IS NOW BEING REVISED AS FOLLOWS:  
PAGE 1

JOB Remodel of 30 Prospect AVE, San Anselmo, CA 94960

Mark's Basis as of 4-1-06	1100000
Mark Capital Investment since 4-1-06	96000
Uli Capital Investment since 6-22-06	165015

Set Gross Budget for Job	375000 Minus "Prepaid Materials"
--------------------------	----------------------------------

Prepaid Materials	
Windows	25520
Viking Appliances	12800 per invoice (frig, range, vent, dishwasher,
convection microwave)	
Cabinets from Cemil	30000
Total Prepaid Materials	68320
Total Uli Capital Investment	165015
Set Net Budget for Job	141665
Reserve for Materials	100000
Remaining for Labor	41665

Material Costs (Does Not Include Labor Unless Indicated) (Mark's Estimates)

Framing	10000
Electrical	7000 (new 200amp panel, wiring, outlets,
switches, plates, etc.)	
Plumbing	7000 (copper, abs, plumbed for 3 1/2 baths with
fixtures and materials)	
*Drywall	10000 (5/8 with flat finish)
Finish Trim	5000
*Siding	7000 (stained cedar shake, window trim 2x4 and
2x6 surrounds copper drip edge)	
*Roofing	5000 (3 dimensional composition shingle)
*Skylights	6000 (Velux operational and stationary)
*Lighting Fixtures	10000 (cans, sconces, trim, etc.)
Landscaping	15000 (concrete driveway, concrete entry/block
wall faced with stone, 4 concrete patios faced with stone --- one with steps, flagstone path, rock	
retaining walls, drainage system, sprinkler system, fireplace and second story faced with stone	
vaneer)	
*Fire Sprinkler	6000 materials and labor
*Front Door/Interior Doors/Hardware	8000 (23 at 200 simpson mdf, 1700 front
simpson wood, 23 at 70 emtek)	
*Wood Flooring	7000 (7sf 3/4" brazilian cherry or pecan)
*Carpet	5000 materials and labor
*Paint	2000 (interior, garage, exterior as needed --- per
Mark's design specifications)	
*Closet Organizers	2000 (6 closets)
*Furnace/Ducting	10000 (materials and labor)
*Plumbing Fixtures	5000 (10 at 500 brushed nickel finish)
*Toilet	2000 (Kohler)
*Sinks	2000 (2 elkay and 5 kohler, 1 laundry room
*Granite Tops	8000 (kitchen and three bathrooms tops and

backsplash, approximately 80 sf at \$100)	
*Tubs	2000 (1 kohler tea for two jet 72"/1 kohler 60")
*Tile	5600 (kitchen backsplash, 3 1/2 bathroom floors, laundry floor, 3 showers to ceiling, some diagano, approximately 700 sf at 8/sf)
*Shower/Bath Doors	4000 (3 with 3/8" glass --- 2 for shower doors/1 for tub sliding doors)
*Garage Doors	10000 (materials and labor --- 2 wood carriage house style doors roll up with openers)
*Copper Gutters/Valleys	10000 (materials and labor --- approximately 250 lineal feet of gutter, 100 lineal feet of downspout and valleys as needed)
Net Materials	170600
Prepaid Materials	68320
Total	238920

Uli agrees to continue the remodel of 30 Prospect AVE San Anselmo CA as a revised permit was obtained on 11-13-06 and issued on 11-15-06. Uli agrees to the following landmark schedule:

1. Obtain a signed off foundation inspection by 12-15-06;
2. Obtain a signed off framing inspection by 3-1-07;
3. Obtain a signed off final inspection by 5-1-07.

Mark agrees to pay for the Prepaid Materials and make available in a timely manner and to pay Uli the set Net Budget of \$306,680 in a timely manner as needed. A \$100,000 reserve will be held for all items marked \* and will be released upon purchase of such item.

Mark has final decision on all design and interior design features. If Uli makes any changes to the existing or revised plans, Mark must approve and all purchased Anderson doors and windows must be used in any new plans and any associated cost of new plans at Uli's expense. Uli has final decision on all construction of the property.

Mark and Uli agree to use their best efforts and act in good faith in honoring the intention of this agreement which is to have the property in a marketable condition per the quality specifications above by 5-1-07.

As of April 1, 2006, Mark owed Uli \$125,000 and has paid that debt down \$42,000 leaving a balance of \$83,000.

If any of the above landmark schedule items are not met by the specified dates, then Uli agrees to deduct \$2,500 per week from the \$83,000 until the landmark item is completed.

If Mark incurs any costs beyond the Net Budget for items on this list, the Uli agrees to deduct such total amount from the \$83,000 and be personally responsible. Uli shall have a one week grace period for each landmark event if the delay is due to an unreasonable city inspector.

Mark is square with Uli and Jake at this point.

Uli acknowledges that timing is of the essence per the attached Prospect Financial Analysis.

7.22  
Uli Zangpo

Date

Mark Morrison

Date

PAGE 2

12-5-06



Year Built	Dist(miles)	Description
1936	0.06	Sold for Lot Value
1925	0.31	New Remodel/View
1927	0.29	Old Remodel
1955	0	New Remodel, Larger Level Lot, Walking Distance to Town

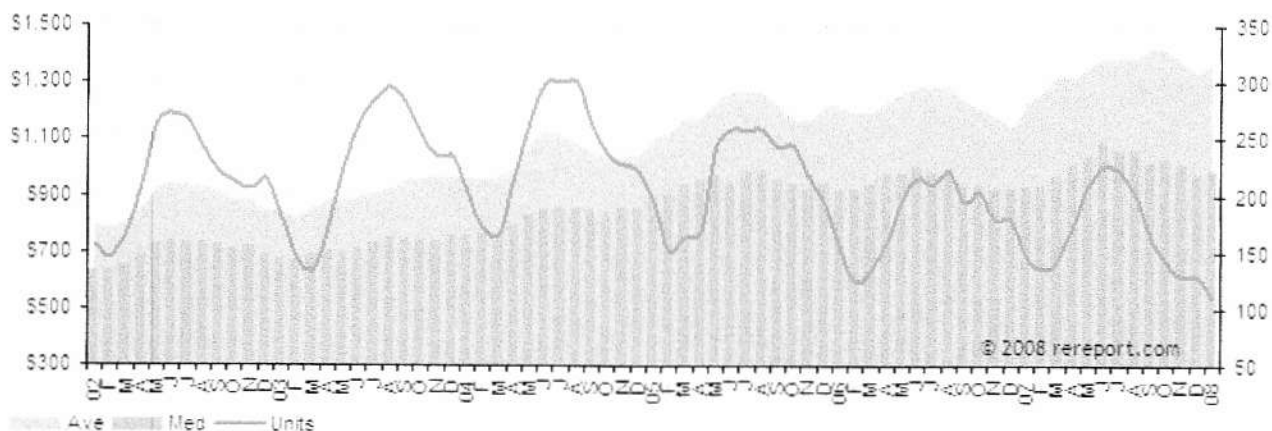


From: Mark Morrison <marktree@sbcglobal.net>  
 Subject: **Marin Housing Trends**  
 Date: December 27, 2006 10:53:01 AM PST  
 To: Uli & Jenny Zangpo (palixent@comcast.net)  
 1 Attachment, 13.3 KB

If you look at the chart below you will see a perfect C curve with a top in August --- Marin county is down 2.8% for the year but we are at the seasonal bottom so we have a chance of rates going up from here with a top in august --- san anselmo avg days on market is 42 days --- we need to stay on track with our schedule and have this property finished and listed by end of april --- if the rates hold to around 6% and property values hold we can get out of this fiscally alive --- we have 0 tolerance for error at this point...

Marin County Homes: Prices & Sales

13-month moving average — \$000 s/



### Mark Morrison

THE MORRISON LAW FIRM  
[mark@markmorrisonlaw.com](mailto:mark@markmorrisonlaw.com)

524 San Anselmo Avenue, No. 224  
 San Anselmo, CA 94960  
 T 415.460.1056  
 F 415.366.1415

"I went to the woods because I wished to live deliberately, to front only the essential facts of life, and see if I could not learn what it had to teach, and not, when I came to die, discover that I had not lived." Henry David Thoreau, from *Walden*

**CONFIDENTIALITY NOTICE:** This communication and any accompanying document(s) are confidential and privileged, pursuant to the American Bar Association Formal Opinion No. 99-413, dated March 10, 1999. They are intended for the sole use of the addressee. If you receive this transmission in error, you are advised that any disclosure, copying, distribution, or the taking of any action in reliance upon the communication is strictly prohibited. Moreover, any such inadvertent disclosure shall not compromise or be a waiver of any applicable privilege as to this communication or otherwise. If you have received this communication in error, please contact the sender at [mark@markmorrisonlaw.com](mailto:mark@markmorrisonlaw.com) or by telephone at 415-460-1056 or 415-686-2763. Thank you.

EXHIBIT G

From: Mark Morrison <marktree@sbcglobal.net>  
Subject: **Prospect Update**  
Date: January 9, 2007 5:49:39 AM PST  
To: Uli & Jenny Zangpo (palixent@comcast.net)

This is my second night of no sleep as I am concerned when I look at where we are:

We have had a permit for almost 60 days and have achieved footings, trimming of trees, gathering of logs and a partial shop and my carrying costs of this are \$22k --- You have stated to me the following: The foundation will be done within a week and then you agreed to have it done by December 15; The framing will be substantially done by January; The shop will be done in one day. It is January 9 and neither foundation nor shop are done and framing has not begun.

I thought once we had a contract you would be motivated to make progress. I thought if I continued to give you money you would be motivated to make progress. I have paid for 90% of the job and not even 10% of the job is complete. I am waking up in the middle of the night because I do not have any budgeted money to finish the job and you have no money to finish the job --- I was under the impression you were going to have \$500k from Washington and this afternoon I discovered this is not the case. I have maxed out my borrowing capacity on the house. Skip is a good friend and would come build the house in exchange for a promise for pay later so long as I could meet his basic expenses and if you insist on hiring the G Family perhaps they would work for part cash and part promissory note.

And although at the pace we are moving we are months away from a finished product, my instinct tells me we are moving in the wrong direction with respect to design relative to the needs of the market.

I have hit another limit and we need to take some action as words and promises mean nothing to me at this point. If I were in charge of the job, I would have had the foundation finished within 2 weeks of receiving a permit and had 70% of the framing done by now and the nice weather days are more likely than not going to end leaving us with the increased costs of human effort, money and time of building in cold rainy weather.

I am working steadily to meet our financial needs and do not have time to stay on the job --- I am challenged to do both but what I am doing now is not working as I feel the ship is slowly sinking. The real estate market has gone up unrealistically over the last 10 years and 2006 finished down 2% in Marin which is the beginning of the end. There are those who believe that 2006 was the correction and all is normal with growth ahead --- these are real estate brokers and the confused. We are at the beginning of the end and will probably have one more decent season before the market makes its serious descent and that will happen after the spring of 2007. I need to make a decision as money and time are running out --- we have one shot at selling this house and it is April --- beyond that the market is too uncertain.

I have the following choices: 1. Sale the property for lot value and take a loss of about 500k; 2. We take steps to insure the property will be finished by April heeding your advice regarding the carrying costs of \$11k/month vs the cost of the G Family and perhaps hire somebody like the G Family or Skip to finish the job and you and I reconcile our financial issues after the fact; or 3. We stop the bullshit and build this house --- I cannot take any more well intentioned false promises as I am finished and I need to see progress meaning a foundation by the end of this week and framing by next week --- I am done with the sleepless nights and the only cure is action.

Please call first thing in the morning so we can discuss our choices.

**Mark Morrison**

THE MORRISON LAW FIRM  
[mark@markmorrisonlaw.com](mailto:mark@markmorrisonlaw.com)

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From: Mark Morrison <marktree@sbcglobal.net>  
 Subject: **Prospect Update 10-19-07**  
 Date: January 19, 2007 11:44:14 AM PST  
 To: Uli & Jenny Zangpo (palixent@comcast.net)

As I have communicated to you many times building a house is a function of TMQ = Time Money Quality

What we are building is a speculation house for profit and we want to find a balance bw TM and Q --- At this point as you will see we are severely out of balance as we are heavy in TM and have no Q bc we don't even have a foundation.

T = Time --- As you can see you are 35 days past due on the foundation inspection and framing inspection is due in 41 days which gives you 5 weeks to frame a house that does not even have a foundation. You have about 3 months to finish what i believe is a 6month job so I would focus on this job exclusively and begin to either use your time more efficiently or consider hiring more skilled labor.

M = Money --- You have 66k so I am going to LIMIT the amount of money from this point because I am at a point financially where I can survive for another 6 months bw the 66k I am obligated to you on the contract, carrying costs on the mortgages and personal costs of living. You need to understand that you have probably 150k in fixed materials cost so you need to make arrangements for obtaining that money.

Marin Housing Market --- Just dropped 5% from Dec 05 to Dec 06 so we are in a declining real estate market and it is essential that this house be on the market by the end of May as you promised as this gives us the highest probability of a higher sale. Every day that the house is not on the market after April will costs me not only carrying costs of \$11,000 per month, but decrease in value which could be as high as \$1,000 per day in lost value.

I MUST EMPHASIZE AS I HAVE BEEN HOW IMPORTANT IT IS TO FINISH THIS HOUSE AND HAVE IT ON THE MARKET BY MAY 2007.

If you are now thinking to yourself, "I am doing all that I can and there is only one of me," then you need to do as I say and hire more skilled labor bc we need somebody and preferably 2-3 people putting energy into that house everyday from this point on 7 days a week.

#### Timeline for 30 Prospect

<u>Responsible</u>	<u>Event</u>	<u>Date</u>	<u>Day</u>	<u>Days Remaining</u>	<u>Days Late</u>	<u>Complete</u>
<u>ULI ZANGPO</u>		15-Oct-06		1		
				1		
	Foundation Inspection Due	15-Dec-06		61		NO
	Foundation Inspection Days LATE	19-Jan-07		96		35
	Framing Inspection Due	01-Mar-07		137	41	
	Framing Inspection Days LATE	15-Oct-06		0		-137
	Final Inspection Due	01-May-07		198	102	
	Final Inspection LATE	15-Oct-06		0		-198
	Budget			475000		
	Mark			110000		
	Prepaid			68000		
	Uli			230341		
	Remaining			66659		

#### Mark Morrison

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[mark@markmorrisonlaw.com](mailto:mark@markmorrisonlaw.com)

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 F 415.366.1415

"I went to the woods because I wished to live deliberately, to front only the essential facts of life, and see if I could not learn what it had to teach, and not, when I came to die, discover that I had not lived." Henry David Thoreau, from *Walden*

**CONFIDENTIALITY NOTICE:** This communication and any accompanying document(s) are confidential and privileged, pursuant to the American Bar Association Formal Opinion No. 99-413, dated March 10, 1999. They are intended for the sole use of the addressee. If you receive this transmission in error, you are advised that any disclosure, copying, distribution, or the taking of any action in reliance upon the communication is strictly prohibited. Moreover, any such inadvertent disclosure shall not compromise or be a waiver of any applicable privilege as to this communication or otherwise. If you have received this communication in error, please contact the sender at [mark@markmorrisonlaw.com](mailto:mark@markmorrisonlaw.com) or by telephone at 415-460-1056 or 415-686-2763. Thank you.

The Note is held jointly by Jim Sciaroni (Sciaroni) and Mark Morrison (Morrison) with a face amount of \$475,000, which was funded upon execution of the note on December 15, 2006. Paragraph 5 increases the loan amount by \$250,000 by June 30, 2006 for a total loan amount of \$725,000. Sciaroni paid his \$125,000 by June 30, 2006. Zangpo and Morrison had a verbal agreement that Morrison would pay his \$125,000 upon the sale of 30 Prospect, San Anselmo (Prospect) and interest on any amounts due until then. Morrison paid both interest payments and principal payments to Zangpo as follows:

- 1-18-06 \$625 interest
- 2-14-06 \$625 interest
- 3-30-06 \$625 interest
- 4-18-06 \$625 interest
- 4-25-06 \$10,000 principal leaving \$115,000 balance
- 5-02-06 \$7,000 principal leaving \$108,000 balance
- 6-13-06 \$25,000 principal leaving \$83,000 balance
- 6-30-06 \$415 interest

Morrison and Zangpo agreed to defer interest until after Prospect sold.

## EXHIBIT H

# NOTE SECURED BY A DEED OF TRUST

Loan Number:

Date: **December 15, 2005**

**San Geronimo, California**

**APN 169-331-015**

**San Geronimo, CA**

Property Address

## 1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. **\$475,000.00** (this amount will be called "principal"), plus interest, to the order of **James C. Sciaroni, an unmarried man as to an undivided 237.5/475 interest and Mark Morrison, a married man as his sole and separate property as to an undivided 237.5/475**, (who will be called "Lender"). I understand that the Lender may transfer this Note. The Lender or anyone else who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder(s)."

## 2. INTEREST

I will pay interest at a yearly rate as described in paragraph 3 below.

Interest commences on **December 15, 2005**, and, if paragraph 3 reflects more than one interest rate during the loan term, the rate will change on the date which is one (1) calendar month before each Payment Start Date.

Interest will be charged on unpaid principal until the full amount of principal has been paid.

I also agree to pay interest at the rate described in paragraph 3 below on the prepaid finance charges which are a part of the principal.

## 3. PAYMENTS

My payments are ☐ Interest Only ☐ Fully Amortized ☒ Other

I will make my payments each month as follows:

Number of Payments	Payment Start Dates	Interest Rates	Payment Amounts
1	Starting December 15, 2006	6.000%	\$503,500.00

I will make these payments until I have paid all of the principal and interest and any other charges that I may owe under this Note. If on **December 15, 2006** (the Due Date) I still owe amounts under this Note (balloon balance), I will pay all those amounts, in full, on that date, subject to the extension that may be granted in accordance with paragraph 6.

I will make my payments payable to **Mark Morrison, 524 San Anselmo AVE, No. 224, San Anselmo, CA 94960**, or at a different place if I am notified by the Note Holder or the Agent for the Note Holder.

## 4. BORROWER'S FAILURE TO PAY AS REQUIRED

**(A) Late Charge For Overdue Payments.** If I do not pay the full amount of each monthly payment by the end of five calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be **10.00%** of my overdue payment or U.S. \$5.00, which ever is more. I will pay this late charge only once on any late payment.

In the event a balloon payment is delinquent more than 10 days after the date it is due, I agree to pay a late charge in an amount equal to the maximum late charge that could have been assessed with respect to the largest single monthly installment previously due, other than the balloon payment, multiplied by the sum of one plus the number of months occurring since the late payment charge began to accrue.

**(B) Default.** If I do not pay the full amount of each monthly payment due under this Note by the date stated in paragraph 3 above, I will be in default, and the Note Holder may demand that I pay immediately all amounts that I owe under this Note. Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

**(C) Payment of Note Holder's Costs and Expenses.** If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back for all its costs and expenses to the extent not prohibited by

applicable law. Those expenses include, for example, reasonable attorney's fees. A default upon any interest of any Note Holder shall be a default upon all interests.

**(D) Payment with good funds.** If any check used to make any payment is returned unpaid by my bank, I agree to pay a Returned Check charge of \$35.00 plus any late charge that may become due because of the returned check. I further agree that if any payment is made by a personal check that is not honored by my bank, at the option of the Note Holder, to make all future payments by Cashier's Check, Money Order or other certified funds.

**(E) Advancing Fee.** For any advance made to senior encumbrances, property taxes, insurance premiums, and/or other obligations to protect the Lender's interest in this Note, there will be an Advancing fee of \$50.00 for each such advance. Advances will bear interest at the same rate that is charged on the principal of this Note from the date of advancement to such date when that certain advance and advance fee is paid in full in the form of a Cashier's Check, Money Order, or other certified funds.

## **5. FUNDING**

The loan amount of \$475,000 will be funded upon execution of this Note, Deed of Trust and Agreement of Understanding. If Borrower is not in default under the terms of this Note, the Deed of Trust securing this Note, or any other agreements between Lender and Borrower, then the Lender will do the following: Increase the loan amount by \$24,500 on or before January 31, 2006; Increase the loan amount by \$100,000 on or before February 28, 2006; Increase the loan amount by \$124,500 on or before June 30, 2006 with the same terms upon written request of Borrower bringing the total loan amount to \$725,000.

## **6. BEFORE THEY ARE DUE - PREPAYMENT PENALTIES**

This Note may be prepaid in full or in part at any time prior to Maturity Date without penalty.

## **7. BORROWER'S WAIVERS**

I waive my rights to require the Note Holder to do certain things. Those things are: (a) to demand payment of amounts due (known as "presentment"); (b) to give notice that amounts due have not been paid (known as "notice of dishonor"); (c) to obtain an official certification of nonpayment (known as "protest"). Anyone else who agrees to keep the promises made in this Note, or who agrees to make payments to the Note Holder if I fail to keep my promises under this Note, or who signs this Note to transfer it to someone else, also waives these rights. These persons are known as "guarantors, sureties and endorser."

## **8. RESPONSIBILITIES OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each of us is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety, or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of the guarantor, surety, or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that anyone of us may be required to pay all of the amounts owed under this Note.

## **9. THIS NOTE IS SECURED BY A DEED OF TRUST**

In addition to the protection given to the Note Holder under this Note, a Deed of Trust (the "Security Instrument") with a Due-on-Transfer Clause dated the same date of this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in the Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts that I owe under this Note.

Some of those conditions are described as follows:

"Lender's Right to Require The Loan to be Paid Off Immediately. If the borrower shall sell, enter into a contract of sale, lease for a term of more than 6-years (including options to renew), lease with an option to purchase for any term, or transfer all or any part of the Property or an interest therein, excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) or a transfer by devise, descent, or by operation of law upon the death of a joint tenant, the Lender may, at its option declare the Note and any other obligations secured by this Deed of Trust, together with accrued interest thereon, immediately due and payable, in full. No waiver of the Lender's right to accelerate shall be effective unless it is in writing."

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Borrower	<b>Jennifer H. Baker</b>	Date
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Borrower	<b>Uli Zangpo</b>	Date
----------	-------------------	------

From: Uli Zangpo <palixent@comcast.net>  
Subject: **The breach**  
Date: March 21, 2007 8:06:59 AM PDT  
To: Mark Morrison

"Framing on site" had commenced, with a full crew on Mon. the 19th, despite Greg not showing up.

The absence of concise communication from you, in the light of what Steve & Jim convey to me from your meeting at Steven's house, can be inferred to be the end of any appropriateness of my doing anything further for the Prospect project.

Karma to You...

EXHIBIT I

Department of Public Works & Planning  
525 San Anselmo Ave., San Anselmo, CA 94960  
(415) 258-4616 Fax (415) 454-4683



Permit No. 52772  
Date Issued 4/11/07  
Date Submtd 5/29/07  
Resubmtd

# BUILDING PERMIT

Provide all the information above the double line and on the back of this form.

☒ Residential

☐ Commercial

PROPERTY ADDRESS 30 Prospect Ave

Applicant MARK MORRISON

Phone No. 215-686-2763

Address 524 SAN ANSELMO AVE #22 City SAN ANSELMO

Owner 41 4

Phone No. 415-492-5981

Address \_\_\_\_\_

City L4

☐ Architect ☒ Engineer ☐ Designer GUY PIZZARELLO

Phone No. 949-492-5988

Address 1046 J CALLC RECORDS

City SAN CLEMENTE-CA

Contractor OWNER

Phone No.                     

Address \_\_\_\_\_

City \_\_\_\_\_

Parcel # 006-192-17

Fax No. 415-366-1415

Zip Code 94960

Fax No. 24

Zip Code                     

Fax No. 949-498-3020

Zip Code 92673

Fax No. 4 4

Zip Code 33064

DESCRIPTION OF WORK (be specific) REVISION TO ORIGINAL PERMIT  
A-2 - SHOWS ALL WALLS DEMOLISHED - ARCHITECT FAILED TO REFLECT IN ORIG.  
S-2 - SHOWS NEW ROOF STRUCTURE - ENGINEER SHOWED "EXISTING" IN ORIG.  
THIS WAS PLANNED IN ORIGINAL PLANS BUT This is a revision to Permit # 48887  
ARCH + ENG. FAILED TO DRAW THEM ON REVISIONS. PLUS ~~CHOP~~ INVENT  
ESTIMATED VALUE OF WORK: \$ -0- (Including all labor and materials) PLUS KORBELS

Applicant understands that this permit expires and becomes null and void should work not be commenced within 180 days from date of issue, or should construction be suspended or abandoned for a period of 180 days. Applicant certifies that the information provided herein is correct to the best of their knowledge and agrees to comply with all Town, county, and state laws relating to building construction, and hereby authorizes representatives of the Town to enter upon the project property for inspection purposes.

APPLICANT'S SIGNATURE: [Signature] DATE: 5-29-07 Drawings attached: ☒ Yes ( ) No

DO NOT WRITE BELOW THIS LINE - FOR OFFICE USE ONLY

Fees: value = \$	Budget Account	At Submtl	At Issue
Plan Check	01.53.320		105.00
Energy Fee	01.53.320		
Building Permit	01.53.325		
Plumbing Permit	01.53.330		
Electrical Permit	01.53.335		
Mechanical Permit	01.53.340		
Pool, Spa, Hot Tub	01.53.350		
Gross Receipts Tax	01.52.203		
State Seismic Fee	01.24.03		
Plan Storage Fee	01.24.02		
Road Bond	01.24.25		
Road Impact Fee	19.57.709		
Planning Fee	01.57.705		51.00

Total Fees Due: \$                      \$ 156.00

Notes: BLDG P/C = 1 HR 6/5/07 KG  
PLANNING 1/2 HR 6/5/07

EXHIBIT J

Work must be done in accordance with the 2001 editions of the California Building Code, California Plumbing Code, California Mechanical Code, 2004 California Electrical Code & 2005 Energy Code. Additional requirements and/or comments are as follows:

Approved by:

Date:

te: 4 Address  
Description of

TOWN OF SAN ANSELMO - Department of Public Works, 525 San Anselmo Ave., San Anselmo, CA 94050

Jobsite Address 30 Prescott Ave Date Issued \_\_\_\_\_ INSPECTION RECORD

Description of Work Rev to orig Permit: A-2 demolished walls - S-2 new roof OFFICE COPY

Structure - Revisions to 48987

Building Permit # 52772 Electrical Permit # 52772 Mechanical Permit # 52772 Plumbing Permit # 52772 Pool/Spa/Hot Tub Permit # \_\_\_\_\_

INSPECTION		DATE COMPL	INSPECTOR	INSPECTOR'S NOTES (COMMENTS OR PARTIAL INSPECTIONS)	
BUILDING					
Temporary power panel					
Footings				( ) setbacks ( ) rebar ( ) hold-downs	
Slab		<u>7/9/07</u>	<u>EP</u>	( ) rebar ( ) embeds	
Underfloor framing					
( ) underground ( ) underfloor plumbing					
( ) underground ( ) underfloor mechanical					
( ) underground ( ) underfloor electrical					
Shear walls		<u>6/14/07</u>	<u>EP</u>	<u>ok to proceed re-roof</u>	
Roof (in-progress)		<u>6/14/07</u>	<u>EP</u>	(X) interior (X) exterior	
Rough framing (walls / ceiling / roof)		<u>6/28/07</u>	<u>MS (SK)</u>	<u>foiled ceiling see defect list 6/22/07 EP</u>	
Rough plumbing		<u>6/28/07</u>	<u>MS</u>	( ) water ( ) gas test ( ) waste	
Rough mechanical		<u>6/28/07</u>	<u>MS (CM)</u>		
Rough electrical		<u>6/28/07</u>	<u>MS</u>		
Sprinkler hydrotest					
Insulation		<u>6/28/07</u>		( ) walls ( ) roof ( ) floor	
Wallboard		<u>7/10/07</u>	<u>EP</u>		
Fireplace				( ) combustion air	
Exterior walls				( ) vapor barrier / iath ( ) scratch coat	
SWIMMING POOL / SPA / HOT TUB					
Pre-gunite				( ) Barriers: fence / gates / cover / alarms	
Rough plumbing & gas				( ) plumbing ( ) gas	
Rough electrical				( ) steel bonding	
OTHER:					
<u>(2) Shower Pan</u>		<u>7/11/07</u>	<u>EP</u>	<u>Final failed 7/29/07 EP see defect list.</u>	
FINAL INSPECTION (must be completed prior to occupancy)					
Planning Dept.				( ) required before final Bldg. inspection	
Fire Dept.				(X) required before final Bldg. inspection	
Sanitary District #1 release				( ) required before final Bldg. inspection	
Struct. Observation/Special Inspection Documents				( ) Arch/Engr ( ) Geotech ( ) other:	
Meter authorization <u>8/1/07 AX</u> electric					
Bldg. Dept.		<u>Final</u>	<u>1/10/09</u>	<u>EP</u>	(X) smoke detectors (X) address numbers



## CIVIL COVER SHEET

JS 44 (Rev. 12/07) (and rev 1-16-08)

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON PAGE TWO OF THE FORM.)

<b>I. (a) PLAINTIFFS</b> Mark Morrison		<b>DEFENDANTS</b> Uli Zangpo	
<b>(b) County of Residence of First Listed Plaintiff</b> (EXCEPT IN U.S. PLAINTIFF CASES)		<b>County of Residence of First Listed Defendant</b> (IN U.S. PLAINTIFF CASES ONLY) NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.	
<b>(c) Attorney's (Firm Name, Address, and Telephone Number)</b> See Attachment		Attorneys (If Known)	

<b>II. BASIS OF JURISDICTION</b> (Place an "X" in One Box Only)		<b>III. CITIZENSHIP OF PRINCIPAL PARTIES</b> (Place an "X" in One Box for Plaintiff and One Box for Defendant)			
<input type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 2 U.S. Government Defendant		<input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input checked="" type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)		(For Diversity Cases Only) Citizen of This State <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 Citizen of Another State <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 Citizen or Subject of a Foreign Country <input type="checkbox"/> 3 <input type="checkbox"/> 4	
		Incorporated or Principal Place of Business in This State <input type="checkbox"/> 4 <input type="checkbox"/> 5 Incorporated and Principal Place of Business in Another State <input type="checkbox"/> 5 <input type="checkbox"/> 6 Foreign Nation <input type="checkbox"/> 6 <input type="checkbox"/> 7			

<b>IV. NATURE OF SUIT</b> (Place an "X" in One Box Only)				
<b>CONTRACT</b> <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<b>TORTS</b> <b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <b>PERSONAL INJURY</b> <input type="checkbox"/> 362 Personal Injury — Med. Malpractice <input type="checkbox"/> 365 Personal Injury — Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<b>FORFEITURE/PENALTY</b> <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other <b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act <b>IMMIGRATION</b> <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<b>BANKRUPTCY</b> <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <b>FEDERAL TAX SUITS</b> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS — Third Party 26 USC 7609	<b>OTHER STATUTES</b> <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes


<b>V. ORIGIN</b> (Place an "X" in One Box Only)		Transferred from		Appeal to District	
<input checked="" type="checkbox"/> 1 Original Proceeding <input type="checkbox"/> 2 Removed from State Court	<input type="checkbox"/> 3 Remanded from Appellate Court <input type="checkbox"/> 4 Reinstated or Recopened	<input type="checkbox"/> 5 another district (specify)	<input type="checkbox"/> 6 Multidistrict Litigation	<input type="checkbox"/> 7 Judge from Magistrate Judgment	

<b>VI. CAUSE OF ACTION</b>	Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): 28 USC §1332 Brief description of cause: CA Bus&Prof §7031(b); Breach of Contract; Breach of the Cov of Good Faith and Fair Dealing; Common Counts
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<b>VII. REQUESTED IN COMPLAINT:</b>	<input type="checkbox"/> CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23	DEMAND \$ 704,804	CHECK YES only if demanded in complaint: JURY DEMAND: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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<b>VIII. RELATED CASE(S) IF ANY</b>	PLEASE REFER TO CIVIL L.R. 3-12 CONCERNING REQUIREMENT TO FILE "NOTICE OF RELATED CASE".
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<b>IX. DIVISIONAL ASSIGNMENT (CIVIL L.R. 3-2)</b> (PLACE AND "X" IN ONE BOX ONLY)	<input checked="" type="checkbox"/> SAN FRANCISCO/OAKLAND	<input type="checkbox"/> SAN JOSE
--	---	-----------------------------------

DATE 4-9-08	SIGNATURE OF ATTORNEY OF RECORD 
----------------	--

**Attachment**

*Lead Counsel*

Matthew Kurilich, Bar Number 30712  
17321 Irvine Boulevard, Suite 115  
Tustin CA 92780  
Tel (714) 231-9607  
Fax (714) 734-3716  
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*Co-Counsel*

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Langley, WA 98260  
Tel 360-221-0253  
Fax 360-851-2010  
[mark@markmorrisonlaw.com](mailto:mark@markmorrisonlaw.com)